



JOHNSON & CREEKMORE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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To Management
Key Allegro Council of Co-Owners
2611 Highway 35 N
Rockport, TX 78382

Management is responsible for the accompanying financial statements of Key Allegro Council of Co-Owners (a corporation), which comprise the balance sheet as of May 31, 2018, and the related statements of income for the one month and eleven months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Supplementary Information

The supplementary budget information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The supplementary budget information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary budget information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary budget information.

We are not independent with respect to Key Allegro Council of Co-Owners.

Johnson & Creekmore, PLLC

Rockport, Texas

June 11, 2018

Key Allegro Council of Co-Owners
Balance Sheet
May 31, 2018

Assets	
Current Assets	
Cash-Checking-American Bank	\$ 205,399.01
Cash-Navy Army MMA	115,247.97
Cash- American Bank Insurance	2,861,589.32
Accounts Receivable	38,836.64
Prepaid Insurance	<u>2,323.56</u>
Total Current Assets	<u><u>3,223,396.50</u></u>
Fixed Assets	
Other Assets	
Deposits	<u>120.00</u>
Total Other Assets	<u>120.00</u>
Total Assets	<u><u>\$ 3,223,516.50</u></u>
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$ 36,358.66
Catastrophe Management Reserve	86,614.46
Accrued Wages/Taxes	587.45
Maintenance Reserve	25,000.00
Fica Payable	1,018.70
WH Payable	176.30
TWC Payable	8.67
FUTA Payable	1.33
Deferred Income-Mnt Fees	28,000.00
Deferred Maintenance Reserve	2,000.00
Deferred Revenue - Bulkhead	71,299.47
Deferred Revenue - Harvey Insurance Proceeds	<u>2,861,589.32</u>
Total Current Liabilities	<u>3,112,654.36</u>
Total Liabilities	<u><u>3,112,654.36</u></u>

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending May 31, 2018

	<u>One Month Actual</u>	<u>One Month Budget</u>
Revenues		
Maintenance Fees	28,000.00	28,000.00
Rebill to Homeowner	450.24	0.00
Special Assessments	54,859.28	0.00
Insurance Proceeds	67,705.49	0.00
Interest Income	251.50	0.00
Miscellaneous	150.00	700.00
Total Revenues	<u>151,416.51</u>	<u>28,700.00</u>
Expenditures		
Management Fee	3,500.00	3,500.00
Wages	5,150.40	6,500.00
Employee Benefits	0.00	400.00
Payroll Taxes	397.89	500.00
Uniforms	0.00	100.00
Maint-Building	10,907.84	5,000.00
Maint-Grounds	2,500.00	3,500.00
Maint-Electrical	0.00	500.00
Maint-Plumbing	0.00	400.00
Maint-Pool	3,100.00	200.00
Maint-Prkng Lot/Tennis Crt	0.00	100.00
Maint-Docks & Piers	5,020.00	1,000.00
Equipment Purchases	196.45	1,000.00
Pest Control	0.00	800.00
Utilities-Trash Disposal	893.07	800.00
Utilities-Electric	265.67	600.00
Utilities-Water	419.69	3,100.00
Utilities-Sewer	184.80	1,300.00
Utilities-Telephone	65.00	100.00
Insurance	555.61	500.00
Legal & Professional	1,555.25	1,200.00
Bulkhead Repair	54,859.28	0.00
Auto Expense	228.61	200.00
Office Supplies	0.00	100.00
Bank Fees	1.75	0.00
Web Expense	538.00	0.00
Catastrophe Expense	67,705.49	0.00
Misc Expense	<u>55.00</u>	<u>100.00</u>

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**Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending May 31, 2018**

	<u>One Month Actual</u>	<u>One Month Budget</u>
Total Expenditures	158,099.80	31,500.00
Revenues Over (Under) Expenditures	<u>\$ (6,683.29)</u>	<u>\$ (2,800.00)</u>

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Key Allegro Council of Co-Owners For The Periods Ending May 31, 2018

	11 Months Ended May 31, 2018 <u>Actual</u>	11 Months Ended May 31, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Revenue			
Maintenance Fees	\$ 323,000.00	\$ 328,000.00	\$ (5,000.00)
Rebill to Homeowner	6,243.46	0.00	6,243.46
Special Assessments	98,700.53	170,000.00	(71,299.47)
Insurance Proceeds	5,713,240.63	0.00	5,713,240.63
Interest Income	1,317.66	0.00	1,317.66
Miscellaneous	<u>7,624.32</u>	<u>7,700.00</u>	<u>(75.68)</u>
Total Revenue	<u>6,150,126.60</u>	<u>505,700.00</u>	<u>\$ 5,644,426.60</u>
Operating Expenses			
Rebilled to Owner	2,400.00	0.00	2,400.00
Management Fee	38,500.00	38,500.00	0.00
Wages	58,999.23	70,500.00	(11,500.77)
Employee Benefits	1,624.31	4,700.00	(3,075.69)
Employee Meals	0.00	900.00	(900.00)
Payroll Taxes	5,335.85	6,425.00	(1,089.15)
Uniforms	0.00	600.00	(600.00)
Maint-Roofs	0.00	8,000.00	(8,000.00)
Maint-Building	16,426.76	54,000.00	(37,573.24)
Maint-Grounds	32,719.33	40,000.00	(7,280.67)
Maint-Electrical	0.00	5,500.00	(5,500.00)
Maint-Plumbing	1,707.68	4,400.00	(2,692.32)
Maint-Pool	3,488.56	1,800.00	1,688.56
Maint-Prkng Lot/Tennis Crt	0.00	7,700.00	(7,700.00)
Maint-Docks & Piers	15,310.00	14,000.00	1,310.00
Maint-Painting	58.43	0.00	58.43
Equipment Purchases	1,542.67	5,000.00	(3,457.33)
Pest Control	927.71	8,800.00	(7,872.29)
Maint-Wood Replacement	6,528.22	0.00	6,528.22
Utilities-Trash Disposal	2,954.86	8,800.00	(5,845.14)
Utilities-Electric	3,251.60	6,600.00	(3,348.40)
Utilities-Water	12,290.98	35,200.00	(22,909.02)
Utilities-Sewer	2,117.13	15,700.00	(13,582.87)
Utilities-Telephone	455.00	1,200.00	(745.00)
Insurance	6,704.67	5,500.00	1,204.67
Website/ Adv. & Promotion	0.00	650.00	(650.00)
Legal & Professional	14,004.46	13,300.00	704.46
Bulkhead Repair	98,700.53	170,000.00	(71,299.47)
Auto Expense	843.61	2,200.00	(1,356.39)
Office Supplies	603.46	1,100.00	(496.54)

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**Key Allegro Council of Co-Owners
For The Periods Ending May 31, 2018**

	11 Months Ended May 31, 2018 <u>Actual</u>	11 Months Ended May 31, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Bank Fees	33.22	0.00	33.22
Web Expense	895.23	0.00	895.23
Catastrophe Expense	5,713,240.63	0.00	5,713,240.63
Taxes-Other	3.13	0.00	3.13
Bad Debts	17.09	0.00	17.09
Misc Expense	<u>2,005.19</u>	<u>1,100.00</u>	<u>905.19</u>
Total Operating Expenses	<u>6,043,689.54</u>	<u>532,175.00</u>	<u>5,511,514.54</u>
Operating Income (Loss)	<u>106,437.06</u>	<u>(26,475.00)</u>	<u>132,912.06</u>

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